

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE LAKE VILLAGE
WATER ASSOCIATION,
INC., RATE INCREASE

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CASE NO.
8317

INTERIM ORDER

On August 19, 1981, Lake Village Water Association, Inc., ("Lake Village") filed an application with this Commission giving notice of an adjustment of rates to become effective September 15, 1981. The proposed rates would produce additional revenue of \$57,958 annually, an increase of 39 percent based on test year revenue. By Commission Order, the effective date of the proposed tariffs was suspended until February 15, 1982, pursuant to the provisions of KRS 278.190.

On August 25, 1981, Lake Village filed a motion requesting that the Commission enter an emergency Order permitting it to immediately increase its rate as requested in its original application. Lake Village stated that it incurred a \$23,489 net loss for the test period which did not include the rate increase imposed by its water supplier, the City of Danville, on July 1, 1981.

A hearing was held at the Commission's offices in Frankfort, Kentucky, on October 27, 1981. There were no intervenors.

Summary

The Commission, after consideration of the evidence of record, finds that:

(1) Based on the current financial condition of Lake Village, an emergency exists.

(2) Lake Village's credit or operations will be materially impaired or damaged unless an interim increase is granted prior to expiration of the 5-month suspension period.

(3) Lake Village should be limited to a 15 percent line loss and thus should be granted an interim increase of \$15,976 because of the increased costs from its water supplier, the City of Danville.

(4) The interim rate shall be subject to refund pending final determination of Lake Village's request for permanent rate relief.

(5) The Commission is of the opinion that the quantity of water lost in the utility's distribution system is excessive. As a corrective measure, the utility should establish and maintain an ongoing program for leak detection and correction and file monthly reports with this Commission until such time as its distribution system losses have been reduced to 15 percent or less for 3 successive months. Said reports should include gallonage and percentage of water purchased, sold, used by the utility, and unaccounted for.

IT IS THEREFORE ORDERED that the interim rates in Appendix A, attached hereto and made a part hereof, are approved for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that the revenue from this interim rate shall be collected subject to refund.

IT IS FURTHER ORDERED that Lake Village shall maintain its records in such manner as will enable the Commission or any of its customers to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that Lake Village shall furnish the Commission within 10 days after the date of this Order its revised tariff sheet setting forth the interim rate approved herein.

IT IS FURTHER ORDERED that Lake Village shall begin immediately to file monthly reports to the Commission setting out the gallons of water purchased and sold and the progress of its efforts to reduce line loss to an acceptable level.

Done at Frankfort, Kentucky, this 25th day of November, 1981.

PUBLIC SERVICE COMMISSION

Marlin W. York
Chairman

Katherine Bauldell
Vice Chairman

Alvin Carrigan
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8317 DATED NOVEMBER 25, 1981.

The following rates and charges are prescribed for all customers in the area served by Lake Village Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect prior to the date of this Order.

RATES: Monthly

First	1,000 gallons	\$6.27 Minimum Bill
Next	2,000 gallons	2.52 per 1,000 gallons
Next	1,500 gallons	2.02 per 1,000 gallons
Next	1,500 gallons	1.52 per 1,000 gallons
Over	6,000 gallons	1.27 per 1,000 gallons